



United States Department of Agriculture
Rural Development
Portland State Office

Section 502 Direct Loans

USDA Rural Development provides Single Family Housing loans in rural areas to eligible low and very low income applicants who are unable to obtain credit elsewhere. Under this program eligible applicants may obtain 100% USDA direct financing to purchase a home. Payment Assistance is available. The amount of USDA subsidy varies based on an annual review of household income.

The loan may be to purchase existing housing, purchase a building site and construct a dwelling, or purchase a newly constructed dwelling or new manufactured home on land. These homes must be owned and occupied by the borrower. Rural areas include towns and cities under 25,000 population that are not located in a metropolitan statistical area (see page entitled "Rural Areas").

Eligibility Requirements

All USDA loans have certain eligibility requirements that must be met. Some of these requirements are listed below:

- Household income cannot exceed an adjusted gross income limit based on household size (see income and area loan limits chart).
- Must have a satisfactory credit history (see page titled "Indicators of Unacceptable Credit").
- Must have reliable and dependable income.
- Must show repayment ability including the loan payments, real estate taxes, homeowner's insurance and current debt obligations.
- Must be a U.S. Citizen or legally admitted Permanent U.S. resident.
- Must be 18 years of age or older and able to enter into a binding contract.

Loan Purposes

Loans may be approved for the purchase of modest dwellings that are decent, safe and sanitary. The property must be in good repair or placed in good repair with loan funds and meet Agency thermal standards. Third-party inspections are required for electrical, heating, plumbing, water and wastewater disposal systems, and if applicable, termite inspections. The purchase price cannot exceed the mortgage limits for the area. Rural Development cannot make loans on properties that include an in-ground swimming pool or are income-producing.

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<http://www.rurdev.usda.gov>

Committed to the future of rural communities.

USDA is an equal opportunity provider, employer and lender.

Loan Amounts and Terms

Loan amounts for applicants will depend upon the following: 1) repayment ability of the applicant, as determined by Rural Development, and 2) the appraised value of the property, as determined by a licensed appraiser hired by Rural Development. The loan will be written at the current interest rate over a 33 or 38 year period, or 30 years for a manufactured home. You will sign the Promissory Note at the full interest rate; but, if you qualify for payment assistance, your payments will be reduced.

Payment Assistance

Payment Assistance is a loan subsidy, whereby the Government pays part of your monthly payment. Payment Assistance granted is subject to repayment to the Government, based on the market value of the property at the time of payoff.

Closing Costs

Typical closing costs include all title and closing fees, appraisal fee, property tax proration, tax service fee, impounds for tax and insurance reserves, and annual property insurance premium. You need to have the necessary funds available to pay these if the appraisal value is not adequate to cover the purchase price of the dwelling and the closing costs.

Homebuyer Education

A crucial first step for first-time homebuyers is to take a homebuyer education course. Classes are offered year-round. A complete list of local agencies that offer approved courses is available upon request. This class is required to be taken by all homebuyers that have not owned a home in the last three years, and must be taken before loan closing.

Agency-Owned Homes and Assumptions of Existing 502 Direct Loans

Priority is given to qualified applicants who apply to purchase agency-owned homes or homes currently financed through the 502 direct loan program. USDA may also provide financing for repairs and closing costs in conjunction with these types of purchases. This financing can be up to 100% of the market value, with no down payment.

Manufactured Homes

Only NEW manufactured homes are allowed under our program unless an existing home is currently financed by Rural Development or it is owned by the Agency due to foreclosure. The manufactured home must be set up on its own lot and packaged by a dealer-contractor approved by our Agency. Manufactured loans can only be written for 30 years, but at the same interest rate available to stick-built homes. A list of approved manufactured home dealers is available upon request.

SECTION 502 Direct Loans with Self Help Technical Assistance

Under this program, low- and very low-income applicants provide a substantial portion of the labor involved in building their own homes. This “sweat equity” contribution reduces the total cost of purchasing a home. Non-profit organizations, funded through an USDA grant program, help the families become successful homeowners by providing technical assistance including homeownership education, loan packaging, and construction supervision. USDA provides financing to the individual homeowners through the 502 subsidized loan program. We can provide you with information regarding the availability of this program in your area and who to contact.

Income and Area Loan Limits

County	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	Area Loan Limit
<i>Baker</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	170,000
<i>Benton</i>	41,550	47,500	53,400	59,350	64,100	68,850	73,600	78,350	223,600
<i>Clackamas</i>	40,900	46,700	52,550	58,400	63,050	67,750	72,400	77,100	220,800
<i>Clatsop</i>	31,750	36,300	40,800	45,350	49,000	52,600	56,250	59,850	201,300
<i>Columbia</i>	40,900	46,700	52,550	58,400	63,050	67,750	72,400	77,100	191,600
<i>Coos</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	212,300
<i>Crook</i>	31,550	36,050	40,550	45,050	48,650	52,250	55,850	59,450	195,000
<i>Curry</i>	30,450	34,800	39,150	43,500	47,000	50,450	53,950	57,400	230,700

<i>Deschutes</i>	37,150	42,500	47,800	53,100	57,350	61,600	65,850	70,100	232,000
<i>Douglas</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	224,500
<i>Gilliam</i>	30,600	34,950	39,350	43,700	47,200	50,700	54,200	57,700	165,000
<i>Grant</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	170,000
<i>Harney</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	164,800
<i>Hood River</i>	32,400	37,050	41,650	46,300	50,000	53,700	57,400	61,100	267,000
<i>Jackson</i>	32,750	37,450	42,100	46,800	50,550	54,300	58,050	61,800	215,300
<i>Jefferson</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	166,000
<i>Josephine</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	227,200
<i>Klamath</i>	30,450	34,800	39,150	43,500	47,000	50,450	53,950	57,400	184,800
<i>Lake</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	169,300
<i>Lane</i>	33,150	37,900	42,600	47,350	51,150	54,950	58,700	62,500	191,100
<i>Lincoln</i>	31,200	35,650	40,100	44,550	48,100	51,700	55,250	58,800	195,900
<i>Linn</i>	32,850	37,550	42,250	46,950	50,700	54,450	58,200	61,950	179,900
<i>Malheur</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	170,000
<i>Marion</i>	33,600	38,400	43,200	48,000	51,850	55,700	59,500	63,350	200,900
<i>Morrow</i>	29,900	34,150	38,450	42,700	46,100	49,550	52,950	56,350	170,000
<i>Multnomah</i>	40,900	46,700	52,550	58,400	63,050	67,750	72,400	77,100	214,200
<i>Polk</i>	33,600	38,400	43,200	48,000	51,850	55,700	59,500	63,350	185,900
<i>Sherman</i>	30,150	34,500	38,800	43,100	46,550	50,000	53,450	56,900	171,200
<i>Tillamook</i>	31,000	35,400	39,850	44,250	47,800	51,350	54,850	58,400	196,800

<i>Umatilla</i>	<i>30,850</i>	<i>35,300</i>	<i>39,700</i>	<i>44,100</i>	<i>47,650</i>	<i>51,150</i>	<i>54,700</i>	<i>58,200</i>	<i>175,000</i>
<i>Union</i>	<i>32,000</i>	<i>36,550</i>	<i>41,150</i>	<i>45,700</i>	<i>49,350</i>	<i>53,000</i>	<i>56,650</i>	<i>60,300</i>	<i>175,000</i>
<i>Wallowa</i>	<i>30,350</i>	<i>34,700</i>	<i>39,000</i>	<i>43,350</i>	<i>46,800</i>	<i>50,300</i>	<i>53,750</i>	<i>57,200</i>	<i>190,000</i>
<i>Wasco</i>	<i>30,050</i>	<i>34,300</i>	<i>38,600</i>	<i>42,900</i>	<i>46,350</i>	<i>49,750</i>	<i>53,200</i>	<i>56,650</i>	<i>205,000</i>
<i>Washington</i>	<i>40,900</i>	<i>46,700</i>	<i>52,550</i>	<i>58,400</i>	<i>63,050</i>	<i>67,750</i>	<i>72,400</i>	<i>77,100</i>	<i>207,700</i>
<i>Wheeler</i>	<i>29,900</i>	<i>34,150</i>	<i>38,450</i>	<i>42,700</i>	<i>46,100</i>	<i>49,550</i>	<i>52,950</i>	<i>56,350</i>	<i>165,000</i>
<i>Yamhill</i>	<i>40,900</i>	<i>46,700</i>	<i>52,550</i>	<i>58,400</i>	<i>63,050</i>	<i>67,750</i>	<i>72,400</i>	<i>77,100</i>	<i>192,000</i>

RURAL AREAS

Definition of Rural Area:

Rural areas include open country and communities with populations of not more than 25,000 that are rural in character and not closely association with urban areas.

To determine eligibility visit <http://eligibility.sc.egov.usda.gov>

Maps delineating eligible rural area boundaries are available in the administrative office in Portland or the branch office serving the county in which the property is located. See Oregon Directory of RD offices.

INELIGIBLE CITIES/AREAS - OREGON

-COUNTY-	-CITY-	-COUNTY-	-CITY-
Benton		Lane	
	♦ Corvallis		♦ Eugene (Metro)
Clackamas			♦ Springfield
	♦ Clackamas	Linn	
	♦ Gladstone		♦ Albany
	♦ Happy Valley	Marion	
	♦ Johnson City		♦ Salem/Keizer
	♦ Lake Grove	Multnomah	
	♦ Lake Oswego		♦ Fairview
	♦ Milwaukie		♦ Gresham
	♦ Oregon City		♦ Maywood Park
	♦ Rivergrove		♦ Portland (metro)
	♦ West Linn		♦ Troutdale
Coos			♦ Wood Village
	♦ Charleston	Washington	
Deschutes			♦ Aloha
	♦ Bend		♦ Beaverton
Jackson			♦ Durham
	♦ Central Point		♦ Hillsboro
	♦ Medford		♦ King City
Josephine			♦ Reedville
	♦ Grants Pass		♦ Tigard
		Yamhill	
			♦ McMinnville

Indicators of Unacceptable Credit

- Little or no positive credit history. The lack of a positive credit history on the credit report may be mitigated if the applicant can document a willingness to pay recurring debts through other acceptable means such as third party verifications or canceled checks. Due to impartiality issues, third party verifications from relatives of household members are not permissible.
- Payments on any installment account where the amount of the delinquency exceeded one installment for more than 30 days within the last 12 months.
- Payments on any revolving account which was delinquent for more than 30 days on one or more occasions within the last 12 months.
- A foreclosure that has been completed within the last 36 months.
- An outstanding Internal Revenue Service (IRS) tax lien or any other outstanding tax liens with no satisfactory arrangement for payment.
- Two or more rent payments paid 30 or more days late within the last two years. If the applicant has experienced no other credit problems in the past two years, only one year of rent history will be evaluated. This requirement may be waived if the program loan will reduce shelter costs significantly and contribute to improved repayment ability.
- Outstanding collection accounts with no satisfactory arrangements for repayment, or collection accounts that were paid in full within the last six months, unless the applicant had been making regular payments for at least six months.
- Non-Agency debts written off within the last 36 months, unless the debt was paid in full at least 12 months ago.
- Agency debts that were debt settled within the past 36 months, or are being considered for debt settlement.
- Delinquency on a federal debt.
- A court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding or has been outstanding within the last 12 months, **except**:
 - A bankruptcy in which: Debts were discharged less than 36 months prior to the date of application; or Where an applicant successfully completed a bankruptcy debt restructuring plan and has demonstrated a willingness to meet obligations when due for the 12 months prior to the date of application.
- A judgment satisfied more than 12 months before the date of application.

An applicant with an outstanding judgment obtained by the United States in a Federal court, other than the United States Tax Court, is not eligible for a Section 502 loan. This requirement is statutory and cannot be waived.

USDA Rural Development Websites

Eligibility website: <http://eligibility.sc.egov.usda.gov> – Property location and applicant eligibility

RD information: <http://www.rurdev.usda.gov/or> - Regulations, Handbooks HB-1-3550 (502 and 504 programs); Regulations, Instruction 1980-D (Guaranteed Programs)

USDA RD website for pending foreclosures and inventory houses:
<http://www.resales.usda.gov>



SECTION 502 DIRECT
RURAL HOUSING LOANS

To obtain pre-eligibility for a Rural Development loan, complete and return the attached Pre-Qualification Sheet and the Authorization to Release Information (one for each adult household member) to Rural Development at:

direct.prequals@or.usda.gov

OR

USDA, Rural Development
1201 NE Lloyd Blvd, Ste 801
Portland, OR 97232-1274
Phone: 866-923-5626, ext 2 / Fax: (503) 414-3394

Office Hours 8:00 A.M. – 4:30 P.M., Monday – Friday



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